

Paweł Puchalski, DM BZ WBK

Question 1: In Q2, we had a very low spot price for electricity and for green certificates in this sales sector. I would like to ask where the margin which, theoretically, you should had, disappeared. I mean this extraordinary one-time margin that should strongly support the sales segment. Perhaps you had achieved it but the conclusion would be that the pressure on the margin is even greater than we would have expected in case of such good results.

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer:

We have to discuss three things. Firstly, as I mentioned during the main part of the presentation, we were not able to fully eliminate the ex officio seller effect. Referring to the factors that you mentioned – the current spot prices are of secondary importance in terms of the current results because we have a purchasing model that we called the coupled model. When we contract our portfolio a few months in advance, we close positions when signing contracts so the margins at which we are selling our products were set many months earlier. In case of green certificates, you are correct to say that this was a big burden on our results in the sales segment, this should improve our results. Nevertheless, it is not the case because we have signed several dozens of contracts with wind farms for green certificates for many years. These are contracts signed for 15-year-long periods and very high prices. These are prices the benchmark of which is the replacement substitution fee amounting to around 0.8-0.9 of substitution fee. This covers more than one half of our annual obligation. This is why we have positive effect in sales only partly offsetting the negative result in generation and the results are lower than no one could expect judging on the current spot prices.

Question 2: Does the Management Board uphold its dividend policy that was included in the prospectus or is it subject to review in the framework of the strategy update?

Andrzej Tersa, President of the Energa SA Management Board: The answer is short, we uphold the dividend policy.

Piotr Dzięciolowski, Citi Brokerage

Question 1: I want to ask about Green Certificates and about how big your open position which should theoretically be offset is. You are talking about your own farms that have their own green certificates for your own sales, how big is your position on green certificates and at what prices are you transferring electricity and green certificates to sales? Wind farms, hydro, biomass, are those the same four assets or have you different models for individual fuels?

Konrad Tyrajski – Vice President of the Energa Obrót SA Management Board: One half of our position comes from long term contracts. The other half comes from our market purchases; if our sister company is on the

market, we are buying from her. We are not buying in terms of bilateral contracts. So we are buying all the green certificates on the market prices. If we look at electricity and transfer between segments, this doesn't happen either because all our transactions are made on market prices. There are no bilateral transactions, we only follow market prices.

Question 2: So is this margin simply very poor?

Konrad Tyrajski – Vice President of the Energa Obrót SA Management Board: No, this is the effect “SZU” (ex officio seller) that amounts to 60 million annually. The results were reduced by 40 mln so we achieve ca. 20 million of the margin.

Question 2: What is the “SZU” effect on wind farms? I would like a representative of the generation department to comment on that issue. The “SZU” effect is on two sides – you lose in the sales but you have a large amount of sales from your wind farms which should partly offset the “SZU” effect, should it?

Konrad Tyrajski – Vice President of the Energa Obrót SA Management Board: I am the representative of one department since we talk about one segment. We will ask our colleague from the other segment to respond to the question.

Question 3a: What would be the “SZU” effect in the generation segment?

Jacek Garbol – President of the Energa Wytwarzanie SA: I am not really sure I fully understand the question.

Question 3b: Perhaps I can explain, a debate with the president of URE had place during which the companies said that “SZU” effect is painful to sales, the President of URE replied that since you have a lot of wind assets, you actually do make money on the “SZU” effect. That is why you cannot say that we are losing money. If you claim that you purchased electricity from wind farms as the offtake of last resort and you have lost money in comparison to the market price, I would like to know how much you earned selling from your own wind farm.

Jacek Garbol – President of the Energa Wytwarzanie SA: We have to think about the scale that you are talking about. As a capital group, Energa has three, since recently, four wind farms with a total capacity of 185 MW. If you look at the “SZU” obligation which applies to our sister company, that is a totally different scale. It is very difficult to compare the two references. We do not see these effects because the megawatt of Energa wind farm generation is much smaller than the obligation to buy energy in the sales segment.

Question 4: Can you give me the figures of the megawatt of the “SZU” effect iteration?

Jacek Garbol – President of the Energa Wytwarzanie SA: I cannot give them off the top of my head but we can prepare it and inform you.

Question 5: There are some suggested write downs for renewable energy and I want to ask what conditions have to be met on the market for you to make write downs. Because of numerous acquisitions, there was one billion plus capex so you have 30 million contribution which means less than 5% of free cash flow. So it seems that this acquisition was at the very aggressive valuation. What has to happen to write down this investment?

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: In the first half of this year, we did a partial write down of 11 million which was applicable to two projects that we

found unrealizable. In the initial phase, our projects are under constant supervision so in case of premises indicating the necessity to write down, we write down. Each quarter, some amount of money is being written down. As to the operating assets, we follow the same policy as to other assets. We do an impairment test every quarter. These impairment tests are checked by auditors and if there are premises for write downs, we write down as well. We are also preparing long term projects and the current results, even if unsatisfactory, cannot be the sole basis for making these impairments.

Michał Potyra, UBS

Question 1: Please give us a comment about the impact of the heat wave on the company's results.

Roman Pionkowski – President of the Energa Operator SA: So in the distribution segment, we have seen all of the elements of this process. On Monday, PSE transition system operator put us to 20 degree of feeding tariffs. That means that administrative measures were introduced to limit electricity usage. Because of the very low level of water and low level of production of electricity in hydro plants, we have projections that wind generation also will be low. We also knew that all heat units would not entirely come back to production. This made PSE introduce the 20th degree of electricity feeding for the first time since 1989. As Energa, we started to reduce the level of energy consumption of our customers at 10 am. Usually, on this time of the year, the maximum consumption of electricity falls at the morning peak between 11am and 2pm and usually shortly after 1pm like on Monday. So we reduced our general demand amounting to around 3,3 thousand MW to 3,1 thousand MW and we maintained that level to 12 pm. We are not really sure what the results are at the national level yet. The president of PSE will announce it soon. As you can see, we were able to maneuver through the peak safely and that is why PSE decided to reduce the level to 19 at 12.27 p.m. Monday brought no mayor disruption. The scaling back was between 300-500 MW. Tuesday was calmer. And so as you know, today from the 11 am, we have the 11th degree, which means readiness to actually scale back to deliveries. We think that by tomorrow the situation should be reinstated primary because of the restart of mayor units which stabilize the generation systems. We do not have a lot of generation in wind power plants so we have some challenges for the DSO. I am very happy that we have been able to meet the expectations of the national electric power system. There is still a little bit to do having in mind that we have not utilized all of the market mechanism for this event, for instance the negawat mechanism. We had a contract signed with PSE on the reduction in the market conditions and this mechanism was not used. I think we have the worst behind us, soon, we will have to evaluate our reaction but it is still a little bit too early for that. As to the effects on the operator company, we have 2-2,5 million shortfall. It's a rather complex mechanism which effect basically the balancing market and spot market and you have centrally observed.

Konrad Tyrąjski – Vice President of the Energa Obrót SA Management Board: I want to mention the impact of the recent events on the results of the entire group. Mr. Pionkowski was talking about Energa Operator because the main threat would be lower volume. However, it is still too early to assess the impact for the entire group. During this press conference, one question concerned the negative impact of the very high prices. I would like to underline that the price fluctuation could be an opportunity for us. Ostrołęka can realise additional profits when selling electricity at very high prices, sometimes multiple time higher than normal prices at which electricity is sold to TSO. We are referring to the price of forced deliveries plus operational power reserve. Time for

assessments will come. The heat wave has an impact on our generation in our hydra power plants. We will know the final results at the beginning of September.

Question from internet users

Question 1: What is the anticipated impact on the taker of last resort ?

Konrad Tyrajski – Vice President of the Energa Obrót SA Management Board: Let me react first to the issue of negawat. As the only aggregator in Poland, Espirion has a contract with PSO and so we can be summoned by the TSO to reduce to 132 MW. We were ready to do that yesterday and today. TSO did not introduce this mechanism, basically they elected to follow to higher degree of freeness of supplying energy. As a Group, apart from the agreement with TSO, we have other contracts and we are able to introduce reductions amounting to 350 MW from day to day. By the end of the year, we should have more than 400 MW of the reduction capacity. If you look at the reductions we introduced within our Group, our peak was reduced by 300-350MW. And that was as much as we could aggregate. If PSE had used this mechanism, only those customers who would be prepared to reduce would have been curtailed. Others costumers would not had to reduce power consumptions. We just wish to emphasize very strongly that such services exist and that we prefer to recur to this type of services in the future because this is the better solution for the overall power system and for the economy compared to limiting or putting caps on the entire power consumption. As to the “SZU” effect next year, I do not know the answer yet, it is a matter of market prices, the wind speed and the URE president decision. I do not know the response to any of these three constituted elements. It is too difficult to give any type of projection.

Piotr Dzieciolowski, Citi Brokerage

Question 1: You are the first group that has a PV farm. How much the MW power cost and how much would it earn?

Jacek Garbol – President of the Energa Wytwarzanie SA: The ratio price is 5 million per MW and we are talking about the farm that has already been commissioned. This is the Delta PV farm in Gdańsk near the Gdańsk refinery. Does it earn money? It is just starting to operate and we see that the unit price is starting to fall. We see that over the next 6 to 12 months, the prices will have fallen by 20%-30% so we believe that this is area that will be profitable. I think that today, it is more or less around the breakeven point. Both the Delta PV farm and Czernikowo PV farm have some cofounding. We do not subsidize this business.

Krzysztof Kubiszewski, DM Trigon

Question 1: I want to ask about your motivation for changing the accounting rules for participation units of the ENERGA Trading SFIO fund and what your level of covenants at this point of time is.

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: The motivation was not to increase debt to EBITDA ratio. This is only a side effect. The motivation was the very lengthy discussion within the group and then subsequently with the auditor. This topic is not very precisely defined in IAS and every statutory auditor and accounting specialist can have and hold his own opinion. After having discussed with the auditor, we came to the conclusion that this participation units have different nature than cash even if we can convert it to cash day to day. That is why we defined it as a separate item. I think it is called “Investments in the fund’s assets” and as I said, this change is of no consequence as, in the very short

term of time, we can convert these funds into cash. We did that in the first quarter of this year in the case of the payment of the dividend amounting to more than 200 million. We were not at all motivated by moving the level of the index. The level of covenants is 3.5 in domestic point issuance programme which does not take into consideration the resources from the fund. This has no importance for the RBRD bond programme as the index is calculated differently but for the sake of transparency, we have taken into consideration the less profitable perspective.

Question 2: So can you say that more or less 1.5 times of EBITDA stayed in covenants in order to realise the result of 3.5, so the index amounts to 2 at the moment?

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: I would say rather that it is more less 1.6 if we are taking into consideration the fund.

Question 3: Do you believe that the company would be able to get enough debt in order to execute the Ostrołęka unit on its own without violating the covenants?

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: We do not have this type of ideas so the importance of the fund is not relevant.

Question 4: If we look at green certificates – until the entry into force of the new law on RIS, nothing would probably change. What would be the direct factor which would bring back green certificate prices to the level of substitution fee? Does the new law change the number of certificates or the parameters of AU of redemption? What should have to happen for the price to grow?

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: The new law excludes some of the entities receiving green certificates. We informed that we would have major losses as result of the law. We are talking about our Włocławek and Bielkowo power plants because their power exceeds 5MW and thus, will no longer be supported. The support for biomasses will be limited as well. Of course assets under the new option regime also not receive certificates at all. According to the general market consensus, as result of the falling supply, the price should improve but for the next 10 to 15 months prices might continue to trend at the low level.

Tomasz Krukowski, Deutsche Bank

Question 1: I want to ask about possible M&A activity. It seems that PKP Energetyka was not a successful attempt. Do you see any other assets outside of the coal assets that you were talking 2-3 hours ago that you would like to buy and if not, what is the sense of maintaining such a large cash position on your balance sheet ?

Seweryn Kędra – Executive Vice-President of the Energa SA Management Board, Chief Financial Officer: Let me start with the first thing and then I will go to the third issue and the second will be discussed by the President. As far as PKP Energetyka is concerned, we are not commenting, especially since what the press has reported this is no longer the case. As to such a large cash position, we have been tenuous certain portion of cash for the short term liquidity of the group. The cash might of course be used next year for M&A activity.

Andrzej Tersa, President of the Energa SA Management Board: We have been following the acquisition opportunities and we do not have any specific plans at the current time.